## **ABSTRACT**

[000268] The present invention relates to methods for creating a sensor cell, sensor cells and the use of those cells to assay the ability of a test compound to modulate the activity of a target gene and/or its expression product. The methods and cells of this invention utilize homologous recombination to control expression of an activatable domain of a target gene and a signal transduction system to detect activation of that expression product. The invention also relates to DNA sequences that are useful to in the homologous recombination steps of the methods of this invention.